

Registered number: 04894975

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**OXSENSIS LIMITED**

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**FINANCIAL STATEMENTS**  
**INFORMATION FOR FILING WITH THE REGISTRAR**  
**FOR THE YEAR ENDED 31 DECEMBER 2017**

MONDAY



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17/09/2018  
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**OXSENSIS LIMITED**  
**REGISTERED NUMBER: 04894975**

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**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2017**

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	Note	2017 £	2016 £
<b>Fixed assets</b>			
Intangible assets	4	26,010	10,925
Tangible assets	5	414,594	412,019
Investments	6	6	6
		<u>440,610</u>	<u>422,950</u>
<b>Current assets</b>			
Stocks	7	2,500	-
Debtors: amounts falling due after more than one year	8	584,596	69,750
Debtors: amounts falling due within one year	8	1,674,250	552,389
Cash at bank and in hand	9	1,192,190	1,095,853
		<u>3,453,536</u>	<u>1,717,992</u>
Creditors: amounts falling due within one year	10	(2,342,711)	(9,210,265)
<b>Net current assets/(liabilities)</b>		<u>1,110,825</u>	<u>(7,492,273)</u>
<b>Total assets less current liabilities</b>		<u>1,551,435</u>	<u>(7,069,323)</u>
<b>Creditors: amounts falling due after one year</b>			
Lease incentives		(224,218)	(291,068)
<b>Net assets/(liabilities)</b>		<u>1,327,217</u>	<u>(7,360,391)</u>

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**OXSENSIS LIMITED**  
**REGISTERED NUMBER: 04894975**

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**STATEMENT OF FINANCIAL POSITION (CONTINUED)**  
**AS AT 31 DECEMBER 2017**

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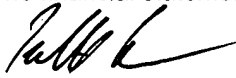
	Note	2017 £	2016 £
<b>Capital and reserves</b>			
Called up share capital		36,047	7,736
Share premium account		10,341,658	7,968,704
Profit and loss account		(9,050,488)	(15,336,831)
		<u>1,327,217</u>	<u>(7,360,391)</u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The company has opted not to file the statement of comprehensive income in accordance with provisions applicable to companies subject to the small companies' regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on



**P J Cohen**  
Director

The notes on pages 3 to 16 form part of these financial statements.

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## OXSENSIS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

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#### 1. General information

Oxsensis Limited is a Company limited by shares, incorporated within the United Kingdom with the address Unit 6, Genesis Building, Library Avenue, Harwell, Didcot, Oxfordshire OX11 0SG.

#### 2. Accounting policies

##### 2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the company's accounting policies.

The following principal accounting policies have been applied:

##### 2.2 Going concern

The financial statements have been prepared on a going concern basis. Although the company made an operating profit of £1,131,302 (2016 - loss of £250,840), this is stated after non-recurring license sale income of £2,235,713 (2016 - £Nil). The directors, after reviewing the Company's financial performance and conducting a review of its strategy, have prepared forecasts based on a pipeline of prospective and secured contracts, the deferral of debt funding (secured through the UK Government's Advanced Manufacturing Supply Chain Initiative "AMSCI") to March 2020, and a successful internal funding round based on the Board's refinancing plan. This follows previous successful fund raising. They have also considered capital requirements for twelve months from the date of signing these financial statements.

It should be noted that the AMSCI debt funding drawn down in March 2016 (see note 16), can be recalled at the provider's discretion as the agreement contains a covenant that interest cover by EBITDA should be 5:1. However, we know of no previous cases where such a recall has been made.

The directors have concluded that the above circumstances represent a material uncertainty that may cast significant doubt upon the company's ability to continue as a going concern for a period of not less than twelve months from the date of approval of these financial statements. Nevertheless, after making enquiries and considering the uncertainties described above, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For these reasons, they continue to adopt the going concern basis in preparing the financial statements.

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**OXSENSIS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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**2. Accounting policies (continued)**

**2.3 Revenue**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

**Sale of goods**

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the company has transferred the significant risks and rewards of ownership to the buyer;
- the company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

**Rendering of services**

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

**2.4 Intangible assets**

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The estimated useful lives range as follows:

Computer software	-	4	years
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**2.5 Tangible fixed assets**

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

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## OXSENSIS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

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#### 2. Accounting policies (continued)

##### 2.5 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

S/Term Leasehold Property	- 6 years
Plant & machinery	- 4 years
Fixtures & fittings	- 18 months to 4 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

##### 2.6 Valuation of investments

Investments held as fixed assets are shown at cost less provision for impairment.

##### 2.7 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell.

##### 2.8 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

##### 2.9 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

##### 2.10 Financial instruments

The company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or

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## OXSENSIS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

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#### 2. Accounting policies (continued)

##### 2.10 Financial instruments (continued)

financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Investments in non-convertible preference shares and in non-puttable ordinary and preference shares are measured:

- at fair value with changes recognised in the Statement of Comprehensive Income if the shares are publicly traded or their fair value can otherwise be measured reliably;
- at cost less impairment for all other investments.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or income as appropriate. The company does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

##### 2.11 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

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**OXSENSIS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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**2. Accounting policies (continued)**

**2.12 Government grants**

Grants are accounted under the accruals model as permitted by FRS 102.

Grants of a revenue nature are recognised in the Statement of Comprehensive Income in the same period as the related expenditure.

Grants relating to expenditure on tangible fixed assets are credited to the Statement of Comprehensive Income at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

**2.13 Foreign currency translation**

**Functional and presentation currency**

The company's functional and presentational currency is GBP.

**Transactions and balances**

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of Comprehensive Income within 'other operating income'.

**2.14 Finance costs**

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

**2.15 Operating leases: the company as lessee**

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

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OXSENSIS LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017

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2. Accounting policies (continued)

2.16 Pensions

**Defined contribution pension plan**

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the company in independently administered funds.

2.17 Interest income

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

2.18 Borrowing costs

All borrowing costs are recognised in the Statement of Comprehensive Income in the year in which they are incurred.

2.19 Provisions for liabilities

Provisions are made where an event has taken place that gives the company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the company becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

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**OXSENSIS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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**2. Accounting policies (continued)**

**2.20 Current and deferred taxation**

Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

**2.21 Research and development**

Research and development expenditure is written off in the year in which it is incurred.

**2.22 Research and development tax credits**

Research and development tax credits under s104a CTA 2009 are recognised within operating income, as the Directors believe the substance of the tax credit is in form of a government grant. The tax charged on these amounts is shown within the tax charge for the year:

**3. Employees**

The average monthly number of employees, including the Directors, during the year was as follows:

	<b>2017</b>	<b>2016</b>
	<b>No.</b>	<b>No.</b>
All staff	<b>29</b>	<b>27</b>

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £75,680 (2016 - £22,238). Contributions totalling £200 (2016 - £Nil) were payable to the fund at the reporting date.

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OXSENSIS LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017

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4. Intangible assets

	Computer software £
<b>Cost</b>	
At 1 January 2017	28,699
Additions	19,650
At 31 December 2017	<u>48,349</u>
<b>Amortisation</b>	
At 1 January 2017	17,774
Charge for the year	4,565
At 31 December 2017	<u>22,339</u>
<b>Net book value</b>	
At 31 December 2017	<u>26,010</u>
<i>At 31 December 2016</i>	<u>10,925</u>

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OXSENSIS LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017

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5. Tangible fixed assets

	Land and buildings £	Plant & machinery £	Fixtures & fittings £	Total £
<b>Cost</b>				
At 1 January 2017	381,481	822,780	173,600	1,377,861
Additions	-	91,725	12,672	104,397
At 31 December 2017	<u>381,481</u>	<u>914,505</u>	<u>186,272</u>	<u>1,482,258</u>
<b>Depreciation</b>				
At 1 January 2017	25,390	801,504	138,948	965,842
Charge for the year on owned assets	66,406	20,128	15,288	101,822
At 31 December 2017	<u>91,796</u>	<u>821,632</u>	<u>154,236</u>	<u>1,067,664</u>
<b>Net book value</b>				
At 31 December 2017	<u>289,685</u>	<u>92,873</u>	<u>32,036</u>	<u>414,594</u>
At 31 December 2016	<u>356,091</u>	<u>21,276</u>	<u>34,652</u>	<u>412,019</u>

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OXSENSIS LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017

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6. Fixed asset investments

	Investments in subsidiary undertaking £
<b>Cost or valuation</b>	
At 1 January 2017	6
At 31 December 2017	<u>6</u>
<b>Net book value</b>	
At 31 December 2017	<u>6</u>
At 31 December 2016	<u>6</u>

On 19 March 2010, Oxsensis Limited purchased 1,000 \$0.01 shares which represented the entire ordinary share capital of the then newly incorporated Oxsensis Inc., a company registered in the United States of America. The total share capital was \$10 which remained unpaid at the year end. The company remained dormant for the year ended 31 December 2017.

7. Stocks

	2017 £	2016 £
Finished goods	<u>2,500</u>	<u>-</u>

**OXSENSIS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**8. Debtors**

	2017 £	2016 £
<b>Due after more than one year</b>		
Other debtors	569,750	69,750
Prepayments	14,846	-
	<b>584,596</b>	<b>69,750</b>
	<b>584,596</b>	<b>69,750</b>
	2017 £	2016 £
<b>Due within one year</b>		
Trade debtors	86,623	35,881
Other debtors	1,063,712	37,273
Prepayments and accrued income	425,616	380,677
Tax recoverable	98,299	98,558
	<b>1,674,250</b>	<b>552,389</b>
	<b>1,674,250</b>	<b>552,389</b>

Included in other debtors above, is an amount of £1,000,000 due within one year and £500,000 due after more than one year in respect of the sale of a license, the obligations for which were fulfilled in the year.

**9. Cash and cash equivalents**

	2017 £	2016 £
Cash at bank and in hand	1,192,190	1,095,853
	<b>1,192,190</b>	<b>1,095,853</b>
	<b>1,192,190</b>	<b>1,095,853</b>

**10. Creditors: Amounts falling due within one year**

	2017 £	2016 £
AMSCI loan	994,375	1,009,291
Shareholders' loan stock	-	7,645,873
Trade creditors	123,473	51,200
Other taxation and social security	40,201	36,938
Lease incentive	65,624	64,682
Accruals and deferred income	354,751	402,281
Share option derivative	764,287	-
	<b>2,342,711</b>	<b>9,210,265</b>
	<b>2,342,711</b>	<b>9,210,265</b>

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**OXSENSIS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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**10. Creditors: Amounts falling due within one year (continued)**

At the beginning of 2017 shareholders' loan stock consisted of £1,157,171 loan stock issued in 2012 and a further £500,000 loan stock which was issued on 29 March 2015.

The loan stock was convertible into fully paid ordinary shares at any time on or after 31 December 2012 in the absence of further equity funding being raised prior to that date. The loan notes carried interest at 10% per annum and were secured by a fixed and floating charge over the assets of the company. Should the loan stock have been redeemed, a redemption premium of 4 times the value of the loan would have been payable on the 2012 loan stock and at 3.5 times the value of the 2015 loan stock.

The redemption premium was considered to be a finance cost of the loan notes, to be charged over the period of the instrument.

In 2017 an agreement was reached with loan note holders to extend the maturity date of the loans by 12 months. A further agreement was made in August 2017 to convert the loan stock and accrued interest into ordinary equity shares. As the loans were converted, the accrued redemption premium of £6,380,924 was reversed through the Statement of Comprehensive Income. The conversion occurred at the same time as the Parker Aerospace License Agreement (see below).

Shareholders and Loan Note holders agreed to convert the loan stock and accrued interest at a rate of:  
Loan Note 2012: 1 ordinary share = £0.85760 Loan Notes  
Loan Note 2015: 1 ordinary share = £0.82250 Loan Notes

Upon the conversion of the loan notes the fixed and floating charge over the assets of the Company was released.

The AMSCI loan represents a loan provided by the UK Government's Advanced Manufacturing Supply Chain Initiative. The loan has a variety of conditions, not all of which the company is currently able to meet, but which management expect to meet in the future. The lending authority was notified of the conditions that cannot be met, and as such the loan is considered to be repayable on demand at the discretion of the lender. The loan is secured by a fixed and floating charge over the assets of the company. The loan matures in March 2019, though discussions have begun to extend the maturity date by 1 to 3 years.

As part of the Parker Aerospace License agreement, Parker was granted a warrant over 901,176 Ordinary shares. To exercise the warrant Parker has to fulfil the commercial obligations within the License Agreement together with payment of the remaining £1.5m license fee and an additional payment of £0.01 per share to exercise the warrant. The warrant contract will be settled by the issue of such number of shares that will equate to 20% of the issued share capital of Oxsensis Limited. The option meets the definition of a financial liability to be measured at fair value through profit or loss.

**11. Creditors: Amounts falling due after more than one year**

	2017	2016
	£	£
Lease incentive	224,218	291,068
	<u>224,218</u>	<u>291,068</u>

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OXSENSIS LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017

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12. Financial instruments

	2017 £	2016 £
<b>Financial assets</b>		
Financial assets that are debt instruments held at amortised cost	<u>2,160,547</u>	<u>523,581</u>
<b>Financial liabilities</b>		
Financial instruments measured at fair value through profit or loss	764,287	7,645,873
Financial liabilities held at amortised cost	<u>1,512,800</u>	<u>1,499,710</u>
	<u>2,277,087</u>	<u>9,145,583</u>

Financial assets that are debt instruments held at amortised cost comprise trade debtors, other debtors and prepayments.

Financial liabilities measured at fair value through profit or loss comprise the shareholders' loan stock and share option derivative.

Financial liabilities measured at amortised cost comprise the AMSCI loan, trade creditors and accruals.

13. Share options

The following ordinary share options were held under EMI and non-EMI schemes as at 31 December 2017. Options are held by 5 current Directors, 3 former Directors, 16 employees and former employees, and by 1 overseas representative of the company. Each option entitles the holder to purchase one share at a set exercise price. Options lapse if the holders cease to be employed by the business, except at the discretion of the directors.

As at 31 December 2017, 72,635 EMI share options were outstanding (2016 – 74,893 EMI share options), with an exercise price of £0.01. During the current year 2,258 options lapsed due to an employee leaving, while no new options were granted.

At 31 December 2017, 46,936 non-EMI options were outstanding (2016 – 46,936 non-EMI options). Of these, 6,467 had an exercise price of £8.00, 2,666 had an exercise price of £17.15, 37,803 had an exercise price of £0.01. During the year no options lapsed or were granted.

No charge has been included in these financial statements as it is deemed to be immaterial.

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**OXSENSIS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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**14. Commitments under operating leases**

At 31 December 2017 the company had future minimum lease payments under non-cancellable operating leases as follows:

	2017 £	2016 £
Not later than 1 year	116,250	116,250
Later than 1 year and not later than 5 years	399,072	465,000
Later than 5 years	-	48,438
	<u>515,322</u>	<u>629,688</u>

**15. Related party transactions**

During the year to 31 December 2017, Science & Technology Facilities Council in its capacity as shareholder, landlord and subcontractor to the company, invoiced the company fees of £56,076 (2016: £99,579). A balance of £Nil (2016: £240) relating to these fees was due on 31 December 2017. The Science & Technology Facilities Council exercised a warrant to subscribe for ordinary shares having a total value of £25,000.

During the year, transactions totaling the following amounts were undertaken on an arm's length basis with companies owned by minority shareholders:

Albion Ventures - £16,741 (2016: £13,799)

In addition, a minority shareholder, Scott Hoover, was paid £57,433 (2016: £54,407) for consultancy services and reimbursement of expenses.

The directors are deemed to be key management of the business.

**16. Post balance sheet events**

No significant post balance sheet events have taken place since 31 December 2017 having a bearing on the amounts and disclosures reported in these financial statements.

**17. Auditor's information**

The auditor's report on the financial statements for the year ended 31 December 2017 was unqualified.

In their report, the auditor included a material uncertainty related to going concern without qualifying their report. The material uncertainty is in respect to the information included in note 2.2 in the financial statements, which indicates that the company is reliant on the successful negotiation of customer contracts, continuation of debt funding and a further investment funding round. As stated in note 2.2 these events or conditions, along with other matters as set forth in note 2.2, indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern.

The audit report was signed on 21 June 2018 by Amrish Shah (FCA) (Senior Statutory Auditor) on behalf of Grant Thornton UK LLP.